

QUICK REFERENCE LINKS

When it comes to policies outside of PeopleSoft, agencies will have to make some determinations on their own. The best that OMB can do is to provide agencies with references that we have found for our own use. The main IRS web site has been very helpful: www.irs.gov. Following is a list of topics we have used for vendor maintenance and 1099 reporting. Please check back to this page occasionally as we will update with information as we discover more.

[1099-MISC Instructions](#)

[1099-G Instructions](#)

[1099-S Instructions](#)

If you do not know which form to report on
<http://www.irs.gov/efile/article/0,,id=98114,00.html>

[W-9 Form and Instructions](#)

Vendor Registry has developed procedures for obtaining W-9 forms for vendors on the database. A W-9 or Substitute W-9 that has been approved by the IRS needs to be on file with Vendor Registry for every vendor that could receive a 1099-reportable payment from the State. Therefore, the guidelines at the following link must be followed by agencies, vendors, and Vendor Registry to comply with IRS audit policies:
<http://www.nd.gov/spo/connectnd/manual/agency-instructions.pdf> .

1099 "Cheat Sheets" for Quick Reference
<http://www.nd.gov/spo/connectnd/manual/1099-irs-handout.xls>
<http://www.nd.gov/spo/connectnd/manual/irs-versus-bus-type.rtf>

From the IRS Educational Products for Government Entities
[Taxable Fringe Benefit Guide](#)

Links to other IRS Publications (for 2006 returns unless otherwise noted)

Pub. 15	Circular E, Employer's Tax Guide (Rev. January 2007)
Pub. 15-A	Employer's Supplemental Tax Guide (Rev. January 2007)
Pub. 15-B	Employer's Tax Guide to Fringe Benefits (Rev. January 2007)
Pub. 463	Travel, Entertainment, Gift, and Car Expense
Pub. 521	Moving Expenses
Pub. 525	Taxable and Nontaxable Income
Pub. 526	Charitable Contributions
Pub. 970	Tax Benefits for Higher Education

[IRS Search for Charities](#)

[ND Secretary of State's Business Records Search](#)

Payments to Corporations and Partnerships

See page 13 of this IRS document: <http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>.

Cooperatives and Tax Reporting – see General Instructions

<http://www.irs.gov/instructions/i1120c/ch01.html>

Vendor Registry

<http://www.nd.gov/spo/vendor/registry/>

DEFINITIONS – you may find some of these interesting. The Vendor Registry acknowledges the common definitions of words as found in dictionaries when determining what types of payments a vendor receives and whether or not they are reportable.

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[Definition of Terms Used by IRS](#) – new web page

FEDERAL GRANTS – Reportable or Not?

Federal grants may or may not be reportable on a 1099 based upon the legislation authorizing the State to issue the grant. Agencies need to keep documentation on file to support their decision whether or not grant payments are reportable or not.

If your agency works with grant programs where the payments are not reportable on a 1099, you may work with Vendor Registry to set up specific locations on these individual vendors so that withholding is not entered on the voucher when the correct location is selected.

1. Grants to Individuals. The following information on the IRS website concerning grants is on the section for charities and foundations.
<http://www.irs.gov/charities/foundations/article/0,,id=137396,00.html>
<http://www.irs.gov/charities/foundations/article/0,,id=137397,00.html>
2. Tax Relief in Disaster Situations – contains various links of information
<http://www.irs.gov/newsroom/article/0,,id=108362,00.html>
3. Mitigation Programs Administered by FEMA
http://www.irs.gov/pub/irs-tege/p4090_0106.pdf
 - Hazard Mitigation Grant Program
 - Pre-Disaster Mitigation program
 - Flood Mitigation Assistance program
4. The Domestic Volunteer Service Act.
<http://www.maineservicecommission.gov/resources/dvsadec99.pdf>
 - VISTA programs
 - Foster Grandparent Program
 - Senior Companion Program
 - Others
5. Nontaxable Energy Grants or Subsidized Energy Financing
<http://www.irs.gov/pub/irs-pdf/f6497.pdf>
6. Foster Care Grants
 - Subsidized Guardianship
 - Emergency Shelter Care
 - Unaccompanied Minor Program

Grant (from www.thefreedictionary.com)

Based upon the definitions below, if a grant were reportable on a 1099, it should be reported as **withholding class 03**, for Other Income.

Noun 1. grant - any monetary aid

economic aid, aid - a gift of money to support a worthy person or cause

subsidy - a grant paid by a government to an enterprise that benefits the public; "a subsidy for research in artificial intelligence"

grant-in-aid - a grant to a person or school for some educational project

2. grant - the act of providing a subsidy

subsidisation, subsidization

award, awarding - a grant made by a law court; "he criticized the awarding of compensation by the court"

block grant - a grant of federal money to state and local governments to support social welfare programs; "block grants reduce federal responsibility for social welfare"

grant-in-aid - a grant from a central government to a local government

apportioning, apportionment, parceling, parcelling, assignation, allocation, allotment - the act of distributing by allotting or apportioning; distribution according to a plan; "the apportionment of seats in the House of Representatives is based on the relative population of each state"

Award (from Meriam-Webster Online)

²**award**

Function: *noun*

1 a : a judgment or final decision; *especially* : the decision of arbitrators in a case submitted to them **b** : the document containing the decision of arbitrators

2 : something that is conferred or bestowed especially on the basis of merit or need

According to the IRS website <http://www.irs.gov/instructions/i1099msc/index.html>, whether an award is paid because of a judgment or as a prize, it should be reported on a 1099 in Box 3 for Other Income.

Honorarium

From *Dictionary.com*:

hon·o·rar·i·um

1. a payment in recognition of acts or professional services for which custom or propriety forbids a price to be set: *The mayor was given a modest honorarium for delivering a speech to our club.*
2. a fee for services rendered by a professional person.

From the *American Heritage Dictionary*:

hon·o·rar·i·um

n. pl. **hon·o·rar·i·ums** or **hon·o·rar·i·a** (–ē–ə)

A payment given to a professional person for services for which fees are not legally or traditionally required.

Both of the definitions above define an honorarium as payment for some type of professional services, suggesting a 1099-reportable payment. The withholding class may depend upon the interpretation of the definition. Keep in mind that class 07 is for reporting non-employee compensation for professional services rendered.

Stipend

From *Dictionary.com*:

sti·pend

1. a periodic payment, esp. a scholarship or fellowship allowance granted to a student.
2. fixed or regular pay; salary.

From the *American Heritage Dictionary*:

sti·pend

A fixed and regular payment, such as a salary for services rendered or an allowance.

From WordNet:

stipend

n : a sum of money allotted on a regular basis; usually for some specific purpose

Unless a state agency is paying stipends to students for attending college, stipends paid to non state employees are reportable on a 1099. If the stipends are for some type of service rendered, they should be reported as withholding class 07, Non-Employee Compensation. It is very rare for employees to receive stipends – if they do, they must be reported on a W-2.

The following is from <http://www.irs.gov/govt/tribes/article/0,,id=135046,00.html>:

“A stipend is defined as a fixed sum of money paid periodically for services or to defray expenses. The fact that remuneration is termed a “fee” or “stipend” rather than salary or wages is immaterial. Wages are generally subject to employment taxes and should be reported on Form W-2. Refer to Publication 15, *Circular E, Employer’s Tax Guide*, section 5, Wages and Other Compensation, for rules on accountable and nonaccountable plans for employee business expenses.”

State Employee

This website is developed for use in conjunction with PeopleSoft Financials and Payroll. A “state employee” is therefore defined as any individual who is set up on PeopleSoft **Central Payroll** used by the state agencies. For a list of state agencies that comprise the Central Payroll system under the Office of Management and Budget, please refer to this page: <http://www.nd.gov/spo/connectnd/manual/payroll-agencies.pdf>. The following are also considered as “state employees” for PeopleSoft use:

legislators

board members

council members

part-time or temporary employees paid on PeopleSoft payroll

Non-State Employee

For the purposes of this website, “state employee” does not include those employed by the following:

North Dakota Higher Education:

UND

NDSU

MINOT STATE UNIVERSITY

DICKINSON STATE UNIVERSITY

WILLISTON STATE UNIVERSITY

BISMARCK STATE COLLEGE

VALLEY CITY STATE COLLEGE

STATE SCHOOL OF SCIENCE

MAYVILLE STATE UNIVERSITY

MINOT/BOTTINEAU STATE UNIVERSITY

LAKE REGION STATE UNIVERSITY

ND UNIVERSITY SYSTEM (STATE OFFICE IN THE CAPITOL)

Bank of North Dakota

Public Finance Authority (formerly Municipal Bond Bank)

Housing Finance

State Mill and Elevator

Rough Rider Industries

American Dairy Association (Dairy Promotion)

Independent Contractor

Follow this link to see a list of references on this topic.

<http://www.nd.gov/spo/connectnd/1099-information/employees-vs-ind-contractor.pdf>

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